Your Guide to

The Digital Wallet

TSYS®
What is a Digital Wallet?
A digital wallet — also called e-wallet, m-wallet and mobile wallet — securely stores the owner’s payment information. A wallet can store credit, debit and loyalty cards plus coupons. A wallet is a necessity to make purchases using mobile pay.

How a Digital Wallet Works
A digital wallet is stored inside the electronic mobile payment system the consumer uses (Apple Pay®, Google Wallet™, Android™ Pay, etc.) Near-field communication (NFC) technology allows devices to communicate. When a consumer with a digital wallet waves or taps their NFC-enabled device (smartphone, tablet) on or near an NFC-enabled terminal, payment data transfers between them. This is a contactless payment transaction.

The NFC receiver in the terminal reads two signals. One from the device (smartphone). And one from the Secure Element (SE) microchip on the card inside the digital wallet. The chip stores personal and financial information and validates the transaction.

A customer may need a passcode or finger scan (known as a biometric) to approve the transaction. Depends on the mobile pay system in use.

Security and the Digital Wallet
Digital wallet companies employ safeguards to reduce risk and keep account data secure.

- Require a passcode or biometric
- All payment card and account information goes through an encryption process during transactions. Encryption makes it extremely difficult for hackers to access.

Another layer of security is the built-in security features of smartphones and mobile devices such as automatic locks and encrypted SE chips.

There are steps that consumers can take to secure their digital wallets. A December 7, 2016 thenewsminute.com article shares advice from Amit Nath with F-Secure. "Educating people to use technology, a good antivirus on mobile, wifi protection, anti-malware and banking protection on mobile devices gives an added protection to the users.”
Advantages for Merchants
An article in Mobile Payments Today outlines potential advantages to accepting digital wallet payments. "Mobile wallets may be able to move consumers through the line more efficiently and thus drive revenues. If a merchant is able to leverage a mobile wallet to provide an immediate connection with its consumer base, mobile wallets may have the ability to help a merchant sell more goods and services during slow times by enticing its consumer base with discounts and coupons." Reduced fraud can drop operating costs too.

Business News Daily concurs. A primary benefit is how digital wallets satisfy the needs of merchants and consumers who use mobile devices to conduct financial transactions. "...enabling businesses to stay on the cutting edge of technology, enhance the customer experience and gather valuable information about their customers." Savvy businesses can leverage the data gained from digital wallet payments to offer products and promotions based on consumer preferences.

Be Ready to Accept Mobile Payments from Digital Wallets
TSYS® can get you ready. You’ll need an NFC-enabled terminal, preferably that is already EMV® compliant. If your existing terminal can accept EMV cards, which are dipped rather than swiped, you’re halfway there. As for NFC, your terminal may already have this capability. It just needs to be switched on. Refer to the manual you received with your equipment. Or call us with your terminal brand and model number. We will help you determine if your machine has NFC. If it doesn’t, you’ll need to upgrade your equipment. We can help with that too. Here are just some of the credit card machines we offer.

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